RESETTLEMENT ISSUES OF CHINA'S THREE GORGES DAM

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ABSTRACT

Large dams are known for unjustly imposing economic and social costs on the people they displace involuntarily. The World Bank, conservationists and large dam opponents are combining to propose new resettlement policies for the next century. Meanwhile the largest resettlement is underway in China's Three Gorges area with more than one million people forced to move because of the largest dam ever built.

First, we discuss the incentives and constraints to voluntary resettlement which, we assert, should be embraced by future policies on infrastructure development. We identify the economic basis for institutional reforms and property rights needed for the resettlement to become voluntary. Then, we review the socio-economic background of the Three Gorges Dam project focusing on the economic loss of farmlands and employment, relating these issues to the scarcity of government funds and poverty of the local population. We also evaluate the negative externalities of higher health risks created by degradation of the fragile physical environment.

If the involuntary resettlement in the Three Gorges area proceeds as planned over the next 5 years, we predict substantial social unrest in this transparent tourist zone of central China.. An alternative outcome is major institutional changes leading to grass-roots democracy, and improved definition of property rights, a necessary prerequisite to fair compensations for the loss of homes and lands. This is not so unlikely given the centrality of the institutional authority bearing on this enormous economic project and the other socioeconomic dynamics already underway in China.

INTRODUCTION

The largest peacetime involuntary migration is underway in China. It is necessary as thousands of hectares of densely-populated farmlands will be deliberately flooded by 2009. This is the date scheduled for engineers to complete the giant 182 metre high Three Gorges Dam on the Yangtze River. The evacuation of at least 1.13 million people began in 1993 and 103,000 people had been removed by the end of 1997 (*China Daily* 4 June 1998, 3).

The Three Gorges Dam provokes awestruck interest or passionate disapproval, or both, from an increasing number of people around the world. A vigorous global campaign opposing the dam is carried out through various media. By far the most vocal are those opposed to the impending destruction of the fragile physical environment, the rare flora and fauna, and the precious

historical relics. There is less voiced concern for the dispersion and forced resettlement of local communities. In our view, the plight of displaced people is the most important.

The upheaval has begun in the 19 affected counties under the jurisdiction of either Hubei Province and or Chongqing Municipality (a recently created provincial-level government similar to Beijing, Shanghai and Tianjin). The dam will flood two large cities, 11 county towns, and 114 townships (formerly called communes) and numerous farms falling below the 5,000 km shoreline of the reservoir area. The 600 kilometres-long reservoir will stretch from the Sandouping dam site to Chongqing (Figure 1).

The decision to dam the Yangtze at Sandouping can be partly explained by the Chinese development culture for manipulating water resources. Chinese society relies on hydraulic technology for water supply, flood control, irrigation and navigation (Needham 1981). One of the earliest projects, still in good working condition, is the Dujiang dam, although built 2200 years ago for agricultural purposes on the upper Yangtze River in Sichuan Province. The Three Gorges Dam is a long held vision going back to Sun Yat Sen and the dawn of the Republic and it fits into the ancient Chinese tradition for grand schemes to boost development.

The dam has three purposes. Firstly, the benefits of flood control will go to 100 million downstream people and farmlands in the middle and lower Yangtze valleys where three catastrophic floods occurred in the 20th century killing a total of 320,000 people. The recurring loss of life in massive floods, reinforced by the great disaster of July-September 1998 claiming more than 2000 lives, are one of the main reasons to proceed with the dam in the quest for flood control. The second major purpose is river transport improvement to connect the prosperous coastal region to China's largest industrial city of Chongqing. The third purpose is electricity supply from the 18,500 megawatts power plant, later to grow to over 22,000 megawatts, to Eastern and Central China, and part of East Sichuan.

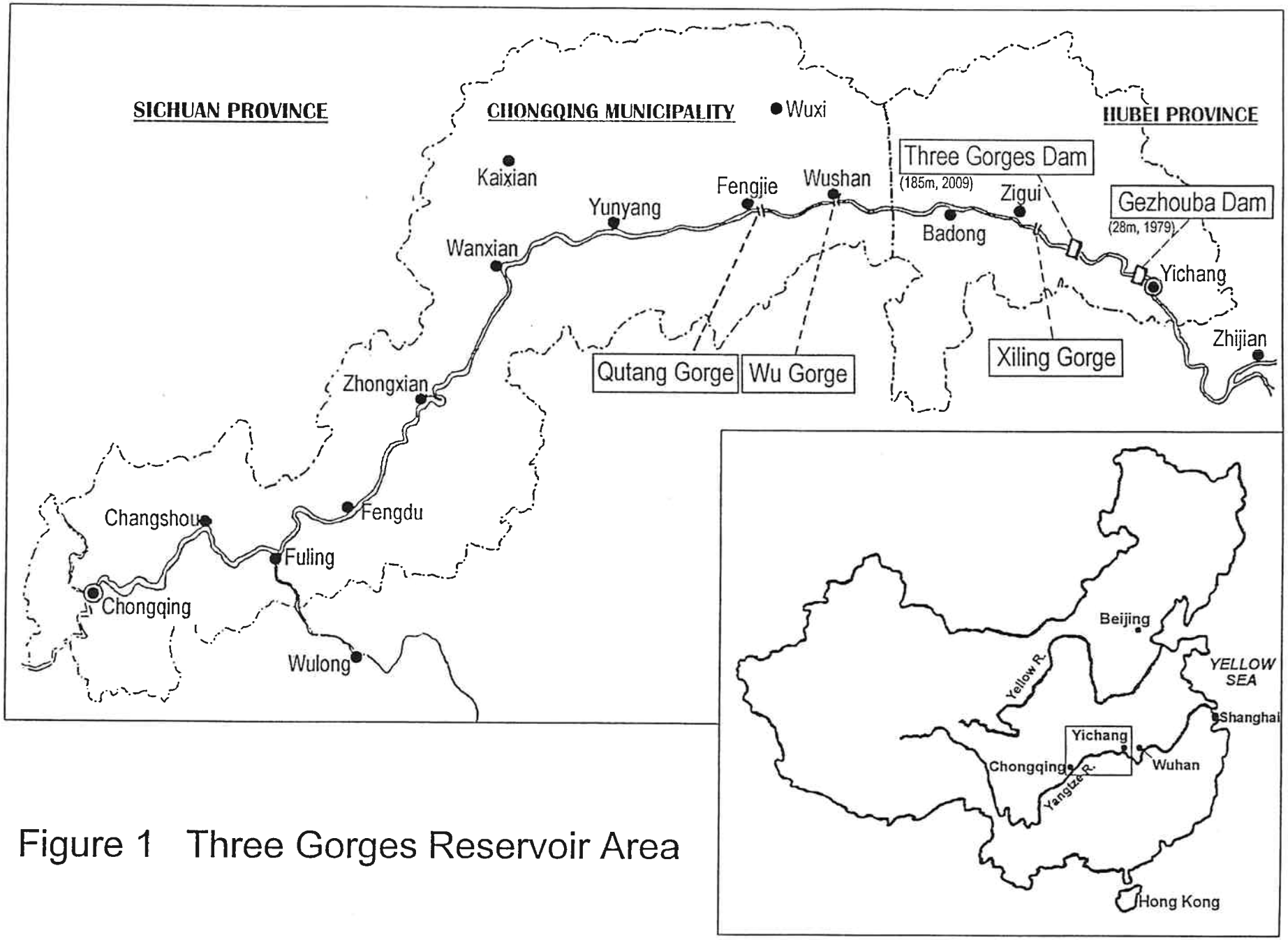

Figure 1 Three Gorges Reservoir Area

Since 1970, electricity supply has lagged far behind demand and the crisis is worsening in the past five years as industries expand at an average annual rate of 22.3 per cent (*China Statistical Bureau 1996*, 204 and 403). Per capita electricity production in China is still very low. In 1990 it was only five per cent and 20 per cent of the level in the USA and South Korea respectively. At present 80 per cent of electricity in China comes from burning coal; the alternative to hydropower and coal is nuclear power but it is the most costly to install. On completion the Three Gorges Dam, housing two power stations with 26 turbine generators, will boost China's total supply by 10 per cent and later even more capacity will be installed.

This article is not another cost-benefit analysis exercise for the Three Gorges Dam. The dam will generate all the problems of large dams elsewhere, but none will be more complex than the expected socio-economic impacts on the displaced and other local populations. We contribute to the debate from the economic perspective, examine the expected socio-economic impacts and focus on policies to alleviate the expected adverse outcomes.

People Never Come First in Dam Projects

Today, there are 118 large and medium hydro-power dams across China's seven major rivers and their tributaries (Zhu 1996). All were built at great and unmeasured social cost for an estimated total of 10.2 million displaced people. However, the Three Gorges Dam will affect more people than any dam ever built in China or elsewhere in the world. The oustees will exceed the combined total of nearly one million resettled by the three largest Chinese dams: the Danjiangkou in Hubei Province, the Sanmenxia in Henan province and the Xin'anjiang in Zhejiang Province (Jun Jing 1997).

China has a poor record in past relocation of the millions of people displaced by the tens of thousands of hydro-stations built under central planning since 1949. Jun Jing raises our fears for the conduct of Three Gorges resettlement by reminding us of the neglect, coercion and suppression accompanying the construction of China's earlier big dams when "no serious effort was made to respond to local concerns over matters of compensation, community break-up, economic recovery, or social adjustment in the new communities" (1997, 74).

Other large dams around the world also are notoriously known to have imposed heavy economic and social costs on the local population; at least 35,000 large dams exist. Many are being built in low-income countries for economic development with destructive consequences on local communities. Each year an average of two million people are forced to move but people's resistance can sometimes obstruct construction progress. For example, vigorous opposition to the Dardar Sarova dam on the Narmada River in India succeeded in interrupting construction when the World Bank withdrew funding in 1993. Others attracting equally strong opposition are the Arun in Nepal, the Kaeng Sua Tan in Thailand and the Bakun in Malaysia (Sleigh and Jackson 1998).

Dam-affected people from 20 countries and vocal dam opponents organised their first international meeting of affected people in Brazil in March 1997. They demand "genuine democracy, which includes public participation and transparency in the development and implementation of energy and water policies, along with the decentralisation of political power and empowerment of local communities" (International Rivers Network 1997). The World Bank and the World Conservation Union have appointed an independent World Commission on Dams which in May 1998 began a two-year inquiry (Dorcey et al 1997). It is amidst this new global attitude to dams that China began the Three Gorges Dam.

With completion of the cofferdam across the Yangtze in November 1997 it seems that nothing can stop the project. However, dam progress could slow or (conceivably) even halt because of the serious financial difficulties. A recent official estimate of the total cost was 200 billion yuan (US$ 24.1 billion) (*China Daily* BW No. 270 10-16 May 1998: 1) with 40 per cent allocated to the cost of land inundation and resettlement of displaced residents. The dam has been planned for many years, and the debate about costs, feasibility and economic viability had frozen decision making for over a decade.

The World Bank standard requires that the number of displaced persons should be minimum, but the scale of resettlement for the Three Gorges Dam is unprecedented in China and in the world. A survey in 1992 showed a total of 846,500 residents must relocate (Zhu 1996) but after population growth is taken into account during 17 years of dam construction, the final number is estimated to be 1.13 million people. In fact, for large dams the number displaced often exceeds that expected and perhaps the number could grow to 2 million for this dam in China. The

overall distribution of displaced persons in the dam construction period is indicated in Table 1.

Table 1: Displaced Population in Three Gorges Dam Area

Administrative Unit (number of affected counties)	Total population	Displaced population as of total population
Chongqing City (3)**	3,270,000	13,500 (<1%)
Fuling Prefecture (3)**	2,240,000	126,700 (6%)
Qianjiang Prefecture (1)**	470,000	8,400 (2%)
Wanxian Prefecture (8)**	7,290,000	571,000 (8%)
Hubei Province (4)	1,730,000	126,900 (7%)
All 19 counties	*15,000,000	*846,478 (6%)

Source:compiled from Zhu, N., 1996, *Research on the Three Gorges Project. Resettlement and Development of Reservoir Area*, Wuhan: University of Wuhan Press (in Chinese).

* Baseline population in 1994. By 2003 the total population in the affected counties will grow to 19 million and the displaced total will reach at least 1.13 million.

** Formerly under Sichuan province, now under Chongqing Municipality which has equivalent status as a province.

Incentives and Constraints to Voluntary Resettlement

From a development and ethical perspective economists should see that the involuntary resettlement is the most serious issue because people matter the most in any infrastructure development. The promised compensations for the loss of homes and livelihoods are never adequate in the dam projects of low-income countries. Enormous costs are forced upon the oustees, imposing sacrifices for the community good on those being relegated to a life of extreme hardship and poverty that may persist for generations.

Some international critics of the Three Gorges resettlement programme are describing how communities are broken up and forced to migrate to inhospitable localities or living amongst hostile host populations, and the coercive eviction of people is causing widespread resentment and intense opposition as expected from experience elsewhere. So far only 100,000 of the estimated 1.13 million people have been moved and with only five years to go before the scheduled flooding (to the 135 metre level) the authorities have little time left for resettlement work. A last minute rush, typical of many dam resettlements, would of course make matters even worse.

Incentives constitute the major problem in resettlement. The Pareto welfare optimum of economists that "no one should be worse off" is not sufficient in dam development, according to Goodland (1997), because it implies policy paralysis in practice. Development must seek to make everyone become better off and the beneficiaries include the displaced and host populations. Large dams in other parts of the world inundated homes and land, and resettlement has typically been involuntary. Dams breed untold social discontent when developers absolve themselves from the duty of care to see that displaced people are not worse off. If the world community is to accept and support some large dams, then it should urge that resettlement conduct is just and fair to the extent that resettlement actually becomes voluntary for most of the population displaced.

There is a right price for voluntary resettlement. For example, if developers plan to build a highway though a neighbourhood, most people will voluntarily move out if compensations equal or exceed the market values of homes and land. Voluntarism is attainable when compensations make people better off. As shown in Figure 2, the price should be negotiated at above the compensation payment P_2, at which the oustees are indifferent to staying or leaving their habitats. The model suggests that the individual will definitely stay at P_1, will be indifferent to whether to move or to stay at P_2 and will have the incentives to move at P_3. Payment at P_1 is undercompensation. We believe that there is already a formula for general use in China. However, to attain voluntary resettlement, compensation payment should be offered above "indifference" payment P_2 but below P_3 (that is, the P_3 - P_2 zone of negotiation) in order to generate the necessary conditions for individuals to believe that they would be better off by leaving.

However, the best intentions cannot materialise if funds are critically scarce, as is the case of the Three Gorges Dam. Of the estimated total cost of 200-240 billion yuan, only 100 billion yuan (8.3 yuan = US$1) will be allocated to resettlement covering a wide range of expenditures which apart from compensation for homes and farms, also includes building new roads and bridges, and water and power supplies. But money allocated for resettlement compensations is not known and it may not actually be spent as planned. There appears to be a lack of transparency in this area. There is still no money to pay for one-third of the total expenditure of the dam, amounting to 65 billion yuan (at 1993 prices) in the first 11 years before it begins to earn electricity revenue as expected in the 11th-20th year (*Changjiang Water Resources Commission* 1994). The World Bank is not involved although it is assisting other large dam projects in China. Funds are currently drawn from three sources.

First, a Three Gorges Dam Construction Fund was started in 1992 to collect a nationwide levy of 0.015 yuan per kilowatt of electricity sold annually, in order to raise a total of 30 billion yuan for the first 11 years (*Changjiang Water Resources Commission* 1994). The second source is revenue from the Gezhouba Hydro-Dam situated 40 kilometres downstream from the Three Gorges. The very low price of Gezhouba electricity was raised progressively during 1993-1996. Thirdly, domestic loans were obtained mainly from the China Construction Bank, and partly from bonds and shares. For example, bonds were issued by Three Gorges Project in 1997 to raise 1 billion yuan (US$ 120 million) with a three-year term and annual interest rate of 11 per cent (*China Daily* 6 March 1997: 1). Shares in the Gezhouba Co. Ltd were sold to the public in 1997 (and traded in the Shanghai Stock Exchange) to raise more than 1.1 billion yuan (US$ 132 million) (*China Daily* 6 May 1997, 5). China will need help and international agencies could play a helpful role in population resettlement.

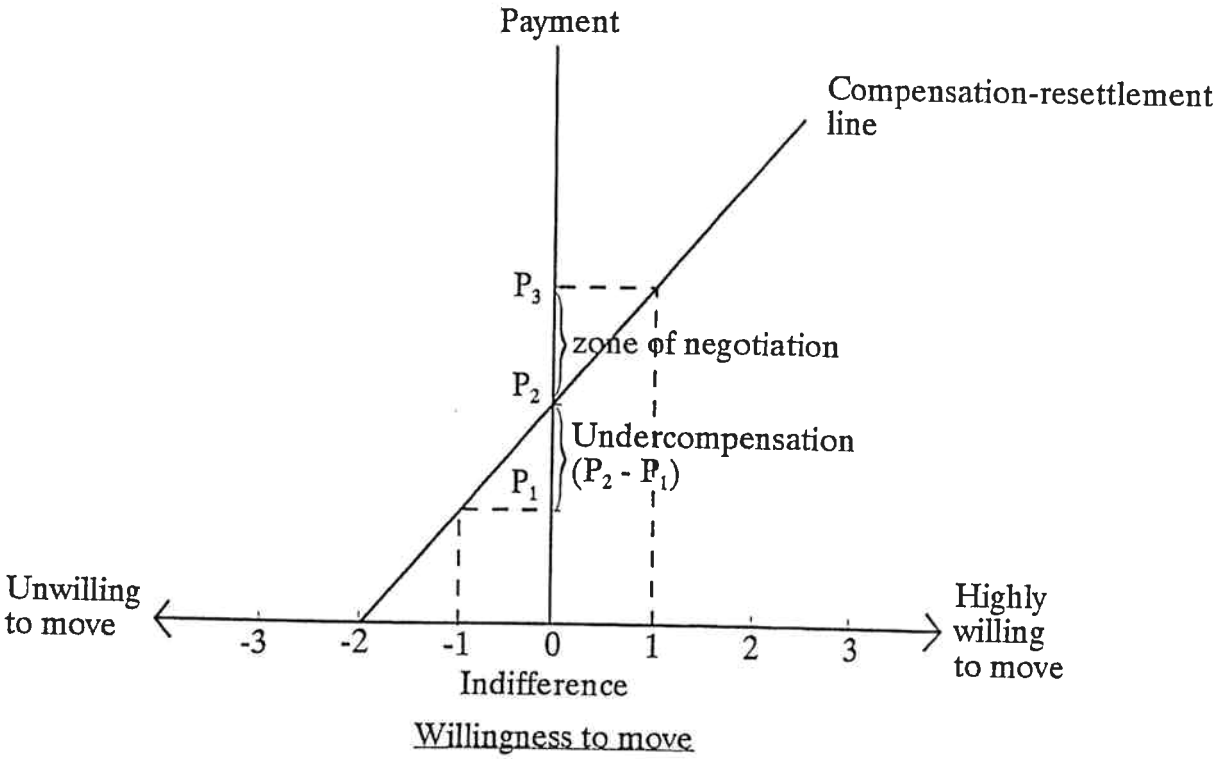

Figure 2: Levels of compensation payments for voluntary resettlement

Economic Costs in Loss of Farmlands

The immediate impact of any large dam construction on the local community is the loss of livelihood and habitat. The first loss is inundation of nearly 34,000 hectares of agricultural land and riverbanks. Fifty per cent will be ricefields, 22 per cent garden plots, one per cent fishponds, and 10 per cent forests (Zhu 1996). The economic cost of submerging farming land is high in China because nearly 25 per cent of the world's population are fed by only seven per cent of the world's arable land, with implications for extremely high values of good farming land.

As the average population density of the Three Gorges Dam region is 197 per km^2 compared with the national average of 109 per km^2 (Chen 1990), inundation of arable lands will incur high opportunity costs. Food importation into this densely populated area will be necessary to make up losses from 25-28,000 hectares of ricefields, garden plots and orchards. The official prediction for the Three Gorges area is grain shortage of 120-150 thousand tons each year (Changjiang Water Resources Commission 1994).

However, dam builders have argued for economies of scale. For every one billion kilowatt hours in annual output, inundation of 28.35 hectares of land was necessary for the Three Gorges Dam compared with an average of 900 hectares for the other 31 large and medium size dams currently under construction (Zhu 1996). This engineering viewpoint is economically irrelevant if the fertile farmlands are more valuable in the Three Gorges area; the total welfare loss to the whole society might be minimised if the economic cost of inundated farmlands was more widely dispersed instead of concentrated in one area.

Inadequate Property Rights

When infrastructure development (motorway, communication and power lines, as well as dams) entails the loss of human habitats in a market economy, the morality of fairness and equity are upheld by paying the losers compensations according to property market prices, at least. Unfortunately, such conduct is not yet possible in China. Land to be acquired by the State is not valued by the prevailing market price because, despite the market reforms of the past 20 years, there is still no market for farmland in the generally understood sense. The theory of New

Institutional Economics asserts that that imperfect information is related to an imperfect market. In China, the absence (or imperfection) of a land market implies failure of the information structure, which in turn permits dam developers to allocate inadequate resources for compensation payments, thereby loading excessive social costs on displaced individuals.

The free market for agricultural land is non-existent in China. This is because property rights on rural land are yet to be reinstated since private land ownership was abolished 40 years ago under Maoist collectivisation. Although agricultural reforms began 20 years ago, abolished collective farming and the commune system, there are still no freehold property rights on rural land. Nowadays farmers have the right only to use the land which is normally leased on individual household contracts for about 30 years.

Compensation for loss of human habitats will remain inadequate unless property rights are restored. So far, China issues property rights certificates to home buyers in the Shenzhen Special Economic Zone (*China Daily* 3 August 1998). And there are prospects for the long term, beginning with a general housing property right reform in 1998, but so far it is only concerned with the urban residential properties in order to end the socialist practice of distributing free urban housing (*China Daily* 1 August 1998, 4).

Loss of Employment for Displaced Population

Despite the intense propaganda on the well-meaning intentions of the Three Gorges Dam policy, the socio-economic outcomes in affected region do not seem to be different from other large dams, in particular the loss of current employment. We cannot underestimate the difficulties to restore living standards, even at existing low levels.

Forty per cent of the total displaced persons are farmers but only 60 per cent of them will get land for land and thus can return to former occupations. About 45,000 hectares of unused land in the resettlement areas will be developed. However, it is uncertain the farmers would regain their former income levels. The available uninhabited land around the Three Gorges is very steep and all the fertile land is already farmed. The new lands may not be suitable, as they are not tested for productivity. Besides if the land were any good, it would already be under cultivation. The uplands, only suited to citrus, tea and other cash crops are new environments to

farmers. They must change crops and practices which not only take time but also incur short-term loss of incomes. And the steep slopes in the Three Gorges area are already at very high risk for land slides, a situation made worse by farming and by the raising the water table due to the filling of the lake.

The 40 per cent of farmers without land will lose their existing employment and must migrate to urban areas to seek new livelihoods. Rural migrants to cities are officially classified as temporary residents and are normally not allowed to settle permanently under the resident registration system. Therefore many of Three Gorges displaced farmers, especially the young, would welcome the rare opportunity to change the status to permanent urban residents. However, the urban unemployed numbers are swelling rapidly in 1998 as a result of the huge government reforms underway to close loss-making state-owned enterprises. The lowly educated peasants are less able to compete for the scarce jobs.

Uncertain Outcomes of Relocation Policies

According to Scudder (1997) involuntary resettlement of people is characterised by four stages. The first stage of relocation is followed by the second stage of adjustment to new situations and new occupations. Along with the emotional and economic stress of readjustment, many have to endure a sharp fall in income and standard of living. Successful resettlement would proceed to the third stage when economic development and community formation occurs. The fourth stage is consolidation. Scudder (1997) pessimistically thinks that majority of cases do not advance to the third stage of economic development and community building. The situation may typically be even worse because most people actually disinvest once they know they will have to move and incomes at the time of relocation may be lower than normal.

An interventionist job-creation policy for the Three Gorges Area seemed to be in place with the announcement in 1994 that an Economic Development Zone would be set up there with the same preferential business incentives as the coastal economic zones. "Open city" status equivalent to that of coastal cities was granted to Yichang, Wanxian and Fuling (*China Daily* 4 September 1994, 6). But so far there is little development activity except in Yichang, location of the administration headquarters for the dam construction.

There are also plans to relocate 180 factories to Chongqing and resettle 67,000 displaced people there, but it is not clear how many are the landless peasants. Chongqing is already China's largest city; labour-intensive industries are the most appropriate to ease the reported 100,000 unemployed and to create new jobs for the influx of displaced persons. Private sector businesses are contributing to more than one-third of local revenue and more should be encouraged. As 50 per cent of the local state enterprises made losses in 1998, the state sector will continue to retrench workers while the private sector is asked to absorb ever more; private firms only employed an estimated total 1.5 million workers out of about 10 million in 1997 (*China Daily* 24 July 1998, 3).

Five years after the bulldozers set upon Sandouping, we are yet to see definite evidence that any displaced people are better off, not worse off. Without independent monitors such evidence will not be forthcoming even if it exists. It should not take a lot of resources to lift their living standards because they are among the poorest in Central China as illustrated by available statistics for per capita GNP of 14 counties (including 2 cities) which in 1995 were under the jurisdiction of Sichuan Province (Table 2).

Table 2: Per capita GNP of 14 counties (including 2 cities) in Three Gorges Area, 1995

County Name	Per capita GNP (yuan)	County Name	Per Capita GNP (yuan)
Jiang Bei District (part of Chongqing)	8,141	Wu Shan County	1,382
Ba Nan District (part of Chongqing)	3,329	Wu Xi County	1,087
Changshou County	3,492	Fu Ling City	3,639
Wanxian City	2,489	Wu Long County	1,766
Kai County	2,093	Feng Du County	1,884
Zhong County	1,683	Shi Zhu County	1,871
Yun Yang County	1,381	Chengdu City (for comparison)	7,388
Feng Jie County	1,762	Chongqing City (for comparison)	4,897

Source: *Sichuan Statistical Yearbook* 1996, pp. 25, 205-208.
Note: US$1 = approximately 8.5 yuan in 1995.

There is already an unfavourable report on resettlement released by two international organisations known to be opposed to the dam, Human Rights in China (HRIC) and the International Riversetwork (IRN). It comes from an investigation into five counties by a Chinese sociologist with a pseudonym of Wu Ming (1998). Wu wrote of widespread corruption among local resettlement officials including bribes for construction contracts and bureaucratic mismanagement of resettlement funds. These allegations were supported by visual evidence revealed in a documentary made independently by Dutch filmmakers (August 1998). It is not possible to confirm whether these reports are representative of the actual situation, but on the basis of previous experience with large dams, there are few surprises.

Externalities of Disease Risks

For the total welfare of the population in the Three Gorges area it is also necessary consider the expected impact on their health status, in addition to their economic well-being. The good intentions of the dam could be completely undermined by the inevitable occurrence of environmental changes that will cause greater risks of various endemic diseases.

It has been observed in dams elsewhere that the populations (both resettlers and hosts) in the reservoir area often suffer from adverse health outcomes owing to environment degradation. Relocated people and immigrants to the dam area acquire parasitic diseases caused by ecological changes due to the dam (Hunter *et al* 1993; Bradley 1994).

In China, inundation of the Three Gorges area will create new environments at the reservoir margins that are favourable for a number of parasitic diseases that are either non-existent or relatively low in incidence before the dam project. As well, some of the parasitic diseases are already endemic in the area, for example, paragonimus and malaria (Chen 1990; Interview notes 1997) and these could worsen. Already there has been an epidemic of locally transmitted malaria among residents at the dam site in 1996, and this could recur, spread and worsen. The increase in the risk of diseases caused by the dam is obviously a harmful externality. Policy makers should make a conscious effort to protect the public from the welfare loss caused by higher disease risks. Disease control and surveillance inevitably incur social costs which should be borne by the creators of these negative externalities, not by the at-risk residents.

One endemic disease in particular is causing a great deal of concern among public health workers although the Three Gorges area is free of it at the moment. The disease is schistosomiasis or snail fever. This snail-transmitted water-based parasitic disease is feared because it causes chronic diarrhoea, intestinal haemorrhage, liver damage, decreased work capacity and premature death. Despite 40 years of control effort hosts it still afflicts the Sichuan area only 500 km above Chongqing and 10-30 per cent of Hubei's marshland population below the dam site (Ministry of Public Health 1993). The new marshland created at the Three Gorges reservoir margins will provide an environment suitable for epidemic schistosomiasis. The snail (minute in size and not readily observable) could reach the dam area transported by cattle, pigs, fish, plants, or boat trailings, or spread downstream from endemic zones in Sichuan. Meanwhile, the parasite can spread by migration of infected humans and animals. Once endemic in the Three Gorges Dam area schistosomiasis will be very difficult to control.

Like the environmental tax in some Western countries (e.g. the carbon tax in Sweden), it should not be difficult to levy a "public health tax" on all the shipping through the Three Gorges area. The more shipping and commerce, the higher is the disease risk; but it would be economically unproductive to limit the river use because the dam is also intended to improve transport up to Chongqing. However, the levies collected should go a long way to meet the costs arising from the externality of greater disease risks. Our proposal conforms to Ronald Coase's view that government intervention by such a tax is the best way when there are many producers and many stakeholders, although he disagreed with Pigou's welfare principles of taxing negative externalities in general (Coase 1960).

Apart from concern for the various negative specific disease externalities, dams in developing countries also worsen the health of displaced populations due to persistent poverty and lack of services (Hunter *et al* 1993; Bradley 1994). These sorts of outcomes greatly undermine economic development anywhere.

The Dam as an Instrument of Institutional Changes - Concluding Remarks

The Three Gorges Dam project will be a likely instrument for institutional changes, especially political change, during the relatively long time of 17 years' construction. The principles of New Institutional Economics describe two kinds of institutions - informal and formal. Informal

institutions are made up of the attitudes, behaviour, expectations and values, evolved through time, of the whole community. Formal institutions are the rules and regulations made by the government. They may need very little time to change, as with enactment of a new law or implementation of a new economic policy. Informal institution changes often take longer, as with consumer behaviour and tastes. In the process of development, it is the informal institutions that either legitimise or obstructs the changes in the formal institutions of rules and regulations enacted by politics (North 1995).

The Three Gorges Dam project could well be an agent of institutional changes, both informal and formal, to break the ice of political conservatism. Almost two decades after China opened its doors to the outside world and economic liberalisation, the high speed of modernisation and technological upgrade ensure that the lines of global access to Chinese information and information exchange are improving all the time. In the present state of a more open economy, it is no longer possible to censor the sort of information and knowledge flowing into the Three Gorges area that could empower the local population in their quest for fairer terms and compensations compatible with a modern market economy, even one with "Chinese characteristics". If people are given a voice, there is then an opportunity for political reform to go with economic development.

In the beginning it seemed that the decision to build the dam arose from the consequences of the 1989 Tian'anmen demonstrations which left China economically isolated for a while, and universally condemned. On 16 March 1992 when the proposal was submitted to the Fifth Session of the Seventh National Congress, it was approved by only two thirds of the delegates, which in the Chinese context, has been interpreted as being by the slimmest margin. Decision-making appeared to have reverted to the autocratic style typical of economic planning in previous decades.

The paradox is that if the decision-makers persist with their authoritarian measures, then they could unleash such largescale unrest that beneficial political reforms could result. The dam has a great potential for provoking institutional changes for several reasons. First, the Three Gorges Dam is under the control of the highest and the most powerful elites in China. A supreme policy-making body, the "Three Gorges Project Construction Committee" was set up by the State Council and the Committee is led by the Premier of the State Council; the other members

are heads of relevant ministries. Under the direct supervision of the Committee is the "Three Gorges Resettlement Bureau" responsible for the planning, decision-making and supervision of population resettlement. Such a direct line of control means that all formal institutional changes enacted by the government would be implemented with minimal time. As well, policy makers are in a position to obtain immediate knowledge of policy response and any subsequent destabilising activities by the disgruntled communities of displaced people in the Three Gorges locality.

Secondly the authorities must listen even if it is only because of the huge numbers involved and the fact that the area already has thousands of visitors, domestic and foreign, passing through. The Three Gorges resettlement is the largest scale of operation ever undertaken in China, and social and political discontent could have explosive consequences. There is already an on-going institutional reform of village government. If the new system works, then the village committee will exercise more power. Regarded as an experiment, most of China's 900 million farmers in 930,000 villages are able to choose local leaders by direct election (*China Daily* 13 July 1998, 1). The village elections should have implications for allowing the voice of displaced people to be heard.

Lastly, the new climate of economic liberalisation tends to enhance people's expectations of a corresponding climate of political liberalisation. This will happen together with the rise of China's international status as trading nation. The growing reliance on foreign trade and direct foreign investment will open the country, more than ever before, to scrutiny on human rights by the global community. China's outstanding economic achievements (especially when now compared with the former USSR) will contribute to changes in people's attitudes, expectations and values in economic and political terms. They should flow on to aspirations for political reforms, nowhere more so than in an area subject to such massive socio-economic change as that underway at Three Gorges.

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